

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2014

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2014

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Sublette, Kansas

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southwest Plains Regional Service Center
Unified School District No. 626
Sublette, Kansas 67877

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Southwest Plains Regional Service Center, Unified School District No. 626, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Southwest Plains Regional Service Center, Unified School District No. 626, as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Southwest Plains Regional Service Center, Unified School District No. 626, as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules

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of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 3 as listed in the table of contents) is presented for analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The June 30, 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the June 30, 2013 basic financial statement upon which we rendered an unmodified opinion dated October 31, 2013. The June 30, 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such June 30, 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013 basic financial statement. The June 30, 2013 comparative information was subjected to the auditing procedures applied in the audit of the June 30, 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the June 30, 2013 basic financial statement or to the June 30, 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2013 comparative information is fairly stated in all material respects in relation to the June 30, 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of Southwest Plains Regional Service Center's, Unified School District No. 626, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Plains Regional Service Center's, Unified School District No. 626, internal control over financial reporting and compliance.

Hay•Rice & Associates, Chartered

October 30, 2014

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Southwest Plains Regional Service Center
Unified School District No. 626
Sublette, Kansas 67877

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statement, which collectively comprise Southwest Plains Regional Service Center's, Unified School District No. 626, basic financial statement, and have issued our report thereon dated October 30, 2014, which was qualified because Southwest Plains Regional Service Center, Unified School District No. 626, prepares its financial statements to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Service Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Service Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Service Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Plains Regional Service Center's, Unified School District No. 626, financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hay•Rice & Associates, Chartered

October 30, 2014

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
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Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances & Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund:						
General	\$ 457,766	\$ 468,177	\$ 555,162	\$ 370,781	\$ 2,029	\$ 372,810
Special Purpose Funds:						
2-Way	348,373	105,974	135,460	318,887	-	318,887
Instructional Services	328,229	2,126,225	2,452,694	1,760	2,664	4,424
Capital Outlay	165,388	62,640	26,261	201,767	-	201,767
HSPN	-	268,314	200,865	67,449	663	68,112
Community Learning Centers	91,518	859,384	950,902	-	46	46
Parents as Teachers	-	123,615	123,615	-	-	-
Grant Writing Center	29,008	137,555	127,892	38,671	-	38,671
CLC Administration	138,666	189,277	199,327	128,616	472	129,088
University Service	-	100,000	-	100,000	-	100,000
Migrant	-	1,488,856	1,488,856	-	46,970	46,970
Human Sexuality Grant	2,358	4,200	5,257	1,301	368	1,669
Title III	-	49,764	49,764	-	301	301
Perkins Grant	-	106,238	105,238	1,000	7,310	8,310
School Business Services	166,003	288,730	248,248	206,485	-	206,485
New Facilities	1,424,860	524,762	33,380	1,916,242	-	1,916,242
Mental Health Grant	-	4,500	1,179	3,321	-	3,321
Migrant Project Summer School	-	19,533	19,533	-	-	-
Safe and Supportive Schools	-	84,142	55,604	28,538	-	28,538
Discretionary Funds	1,901	17,349	4,250	15,000	-	15,000
Teacher Recruitment	<u>24,762</u>	<u>-</u>	<u>24,762</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reporting Entity	<u>\$3,178,832</u>	<u>\$7,029,235</u>	<u>\$6,808,249</u>	<u>\$3,399,818</u>	<u>\$ 60,823</u>	<u>\$3,460,641</u>

The notes to the financial statement are an integral part of this statement.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
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Statement 1
(Continued)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH – REGULATORY BASIS

For the fiscal year ended June 30, 2014

Composition of Cash:	
Investments and Time Deposits:	
Money market	\$3,037,148
Cash in Checking:	
General Account	418,194
Electronic Account	3,799
Building Account	<u>1,500</u>
Total Reporting Entity	<u>\$3,460,641</u>

The notes to the financial statement are an integral part of this statement.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Southwest Plains Regional Service Center, Unified School District No. 626, is a municipal corporation governed by an appointed eight member board of directors. This regulatory financial statement presents only Southwest Plains Regional Service Center, Unified School District No. 626 (the municipality).

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Regulatory Basis Fund Types

The following regulatory basis fund types comprise the financial activities of the Service Center for the fiscal year ended June 30, 2014:

Governmental Funds:

General Fund – The Chief Operating Fund – used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipts (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Fiduciary Funds:

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies

Cash and Time Deposits

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate.

Time deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed as "cash and time deposits".

General Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase, except for assets acquired with federally assisted funds.

Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balances

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

The budget law K.S.A. 79-2925 applies to taxing subdivisions or municipalities. Since the Southwest Plains Regional Service Center, Unified School District No. 626, does not directly levy a tax, it is not subject to the budget law. The budget adopted by the Service Center is a management tool, which is used to establish the Service Center's internal spending limits.

Note 2: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Southwest Plains Regional Service Center, Unified School District No. 626. The statute requires banks eligible to hold the Service Center's funds have a main or branch bank in the county in which Southwest Plains Regional Service Center, Unified School District No. 626, is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Southwest Plains Regional Service Center, Unified School District No. 626, has no other policies that would further limit interest rate risk.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 2: Deposits and Investments (Continued)

K.S.A. 12-1675 limits Southwest Plains Regional Service Center's, Unified School District No. 626, investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Southwest Plains Regional Service Center, Unified School District No. 626, has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – State statutes place no limit on the amount Southwest Plains Regional Service Center, Unified School District No. 626, may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, Southwest Plains Regional Service Center's, Unified School District No. 626, deposits may not be returned to it. State statutes require Southwest Plains Regional Service Center's, Unified School District No. 626, deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, Southwest Plains Regional Service Center's, Unified School District No. 626, carrying amount of deposits was \$3,592,288 and the bank balance was \$3,976,224. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and \$3,476,224 was collateralized with securities held by the pledging financial institutions' agents in Southwest Plains Regional Service Center's, Unified School District No. 626, name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Southwest Plains Regional Service Center, Unified School District No. 626, will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 3: Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Instructional Services	General	\$ 30,000
Migrant	General	106,259
Title III	General	995
HSPN	General	20,000
Perkins Grant	General	4,066
General	Capital Outlay	20,000
Instructional Services	Capital Outlay	8,000
HSPN	Capital Outlay	8,000
CLC Administration	Capital Outlay	2,000
General	New Facilities	100,000
Instructional Services	New Facilities	300,000
School Business Services	New Facilities	100,000
Teacher Recruitment	New Facilities	24,762
School Business Services	Instructional Services	852
PAT	Instructional Services	12,996
General	Discretionary	17,349

Note 4: Defined Benefit Pension Plan

Plan Description

Southwest Plains Regional Service Center, Unified School District No. 626, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 4: Defined Benefit Pension Plan (Continued)

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Effective January 1, 2014, the KPERS member-employee contribution rate changed to 5% of covered salary for Tier 1 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share. The State of Kansas contributes 11.12% of covered payroll for the period of July 1, 2013 to June 30, 2014. The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2014 received as of June 30 was \$361,575,393.

Note 5: Other Long-Term Obligations from Operations

Compensated Absences

Vacation and Sick Pay

All full time classified and certified employees receive ten days of sick leave, unless otherwise negotiated. Sick leave can be accumulated for up to 35 days for classified staff and up to 50 days for certified staff, but employees are not compensated for unused sick leave.

All full time classified and certified staff employed before July 1, 2010 receive a day of paid vacation per month. Staff members with 10 years or more of service receive three (3) weeks vacation. All full time classified staff employed after July 1, 2010 receive 4 days paid vacation the first year and receive an additional day for each year of service. Vacation time not taken within the period of accrual is neither subject to reimbursement, nor to carry over to the next fiscal year.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 5: Other Long-Term Obligations from Operations (Continued)

Salary Reduction Plan

Southwest Plains Regional Service Center, Unified School District No. 626, has adopted a 403B and/or 457 elective salary reduction plan. The plan transactions for the year ended June 30, 2014 are as follows:

Beginning balance	\$245,646
Contributions	138,919
Withdrawals	-
Change in value	<u>30,649</u>
Ending balance	<u>\$415,214</u>

Other Post Employment Benefits

As provided by K.S.A. 12-5040, Southwest Plains Regional Service Center, Unified School District No. 626, allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, Southwest Plains Regional Service Center, Unified School District No. 626, is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), Southwest Plains Regional Service Center, Unified School District No. 626, makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014
(Continued)

Note 6: Contingent Liabilities

Southwest Plains Regional Service Center, Unified School District No. 626, participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives for audits of these programs for or including the year ending June 30, 2014. These compliance audits have not been conducted as of October 30, 2014. Accordingly, the Service Center's compliance with applicable grant agreements will be established at some future date. The amount of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the Service Center expects such amounts, if any, to be immaterial.

Note 7: Operating Leases

Southwest Plains Regional Service Center, Unified School District No. 626, is entered into several real estate leases that are renewed annually.

Note 8: Subsequent Events

Southwest Plains Regional Service Center, Unified School District No. 626, management has evaluated events and transactions through October 30, 2014, the date which the financial statement was available to be issued.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 9: Long-Term Debt

Changes in long-term liabilities for Southwest Plains Regional Service Center, Unified School District No. 626, for the fiscal year ended June 30, 2014 were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
Capital Leases Payable:									
2012 Odyssey	7.58%	05/01/12	\$ 31,269	06/01/15	\$ 10,788	\$ -	\$ 10,788	\$ -	\$ 545
2012 Odyssey	7.58%	06/01/12	31,269	07/01/15	21,411	-	9,769	11,642	1,563
2012 Odyssey	7.58%	06/01/12	31,269	07/01/15	21,411	-	9,769	11,642	1,563
2012 Odyssey	7.58%	06/01/12	31,269	07/01/15	21,411	-	9,769	11,642	1,563
2013 CRV	5.95%	06/01/13	25,820	07/01/16	17,705	-	8,597	9,108	799
2013 CRV	5.95%	06/01/13	25,820	07/01/16	17,705	-	8,597	9,108	799
2013 CRV	5.95%	06/01/13	25,820	07/01/16	17,705	-	8,597	9,108	799
2013 CRV	5.95%	06/01/13	25,820	07/01/16	17,705	-	8,597	9,108	799
2013 CRV	5.95%	06/01/13	25,820	07/01/16	17,705	-	8,597	9,108	799
2014 CRV	6.95%	06/01/14	25,343	07/01/17	-	25,343	7,856	17,487	1,549
2014 CRV	6.95%	06/01/14	25,343	07/01/17	-	25,343	7,856	17,487	1,549
2014 CRV	6.95%	06/01/14	25,343	07/01/17	-	25,343	7,856	17,487	1,549
2014 CRV	6.95%	06/01/14	25,343	07/01/17	-	25,343	7,856	17,487	1,549
2014 CRV	6.95%	06/01/14	25,343	07/01/17	-	25,343	7,856	17,487	1,549
Total Contractual Indebtedness					<u>\$163,546</u>	<u>\$126,715</u>	<u>\$122,360</u>	<u>\$167,901</u>	<u>\$16,974</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 9: Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>6-30-15</u>	<u>6-30-16</u>	<u>Total</u>
Principal:			
Capital leases payable	\$122,636	\$ 45,265	\$167,901
Interest:			
Capital leases payable	<u>8,202</u>	<u>1,762</u>	<u>9,964</u>
Total Principal and Interest	<u>\$130,838</u>	<u>\$ 47,027</u>	<u>\$177,865</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 1

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund:			
General	\$ 813,023	\$ 555,162	\$ 257,861
Special Purpose Funds:			
2-Way	135,460	135,460	-
Instructional Services	2,173,930	2,452,694	(278,764)
Capital Outlay	30,962	26,261	4,701
HSPN	294,816	200,865	93,951
Community Learning Centers	1,081,997	950,902	131,095
Parents as Teachers	123,615	123,615	-
Grant Writing Center	129,277	127,892	1,385
CLC Administration	147,967	199,327	(51,360)
Migrant	1,488,856	1,488,856	-
Human Sexuality Grant	4,995	5,257	(262)
Title III	49,763	49,764	(1)
Perkins Grant	106,238	105,238	1,000
School Business Services	278,035	248,248	29,787
New Facilities	718,380	33,380	685,000
Mental Health Grant	4,479	1,179	3,300
Migrant Project Summer School	19,533	19,533	-
Safe and Supportive Schools	96,163	55,604	40,559

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-1

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
LEA tuition	\$108,000	\$116,000	\$ (8,000)	\$108,000
Consulting services	23,719	10,000	13,719	9,425
Interest on investments	399	500	(101)	416
CLC Revenue share	44,519	60,000	(15,481)	58,159
Other revenue	85,992	522,766	(436,774)	68,475
Grants	44,228	-	44,228	-
Operating transfers	<u>161,320</u>	<u>170,000</u>	<u>(8,680)</u>	<u>214,000</u>
Total Receipts	<u>\$468,177</u>	<u>\$879,266</u>	<u>\$ (411,089)</u>	<u>\$458,475</u>
<u>Expenditures</u>				
Salaries	\$214,199	\$214,202	\$ 3	\$188,801
Employees' benefits	30,070	31,840	1,770	28,880
Purchased professional services	14,453	14,750	297	15,270
Purchased property services	14,158	14,168	10	14,952
Other purchased services	82,200	120,313	38,113	53,392
Supplies and materials	53,687	55,800	2,113	32,014
Property	162	500	338	187
Other	8,884	261,450	252,566	18,044
Operating transfers	<u>137,349</u>	<u>100,000</u>	<u>(37,349)</u>	<u>120,000</u>
Total Expenditures	<u>\$555,162</u>	<u>\$813,023</u>	<u>\$ 257,861</u>	<u>\$471,540</u>
Receipts Over (Under) Expenditures	<u>\$ (86,985)</u>			<u>\$ (13,065)</u>
Unencumbered Cash, Beginning	<u>457,766</u>			<u>470,831</u>
Unencumbered Cash, Ending	<u>\$370,781</u>			<u>\$457,766</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-2

2-WAY
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Member LEA receipts	\$ 58,980	\$ 22,000	\$ 36,980	\$ 20,320
E-Rate reimbursement	<u>46,994</u>	<u>140,000</u>	<u>(93,006)</u>	<u>139,263</u>
Total Receipts	\$105,974	<u>\$162,000</u>	<u>\$ (56,026)</u>	\$159,583
<u>Expenditures</u>				
Purchased property services	<u>135,460</u>	<u>\$135,460</u>	<u>-</u>	<u>135,459</u>
Receipts Over (Under) Expenditures	\$ (29,486)			\$ 24,124
Unencumbered Cash, Beginning	<u>348,373</u>			<u>324,249</u>
Unencumbered Cash, Ending	<u>\$318,887</u>			<u>\$348,373</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-3

INSTRUCTIONAL SERVICES
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Instructional Tools	\$ 5,166	\$ 10,500	\$ (5,334)	\$ 103,140
Workshops	342,135	400,000	(57,865)	338,285
Consulting	1,129,155	1,080,000	49,155	1,186,123
Other receipts	128,898	-	128,898	-
State aid	1,042	-	1,042	322
Federal aid	505,981	-	505,981	28,692
Operating transfers	<u>13,848</u>	<u>-</u>	<u>13,848</u>	<u>-</u>
Total Receipts	<u>\$2,126,225</u>	<u>\$1,490,500</u>	<u>\$ 635,725</u>	<u>\$1,656,562</u>
<u>Expenditures</u>				
Salaries	\$1,071,088	\$1,570,333	\$ 499,245	\$ 867,522
Employees' benefits	203,123	207,108	3,985	168,841
Purchased professional services	584,031	72,292	(511,739)	49,483
Purchased property services	1,193	2,000	807	994
Other purchased services	85,870	91,248	5,378	71,075
Supplies and materials	155,518	179,072	23,554	222,435
Other	13,871	13,877	6	6,869
Operating transfers	<u>338,000</u>	<u>38,000</u>	<u>(300,000)</u>	<u>338,000</u>
Total Expenditures	<u>\$2,452,694</u>	<u>\$2,173,930</u>	<u>\$ (278,764)</u>	<u>\$1,725,219</u>
Receipts Over (Under) Expenditures	\$ (326,469)			\$ (68,657)
Unencumbered Cash, Beginning	<u>328,229</u>			<u>396,886</u>
Unencumbered Cash, Ending	<u>\$ 1,760</u>			<u>\$ 328,229</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-4

CAPITAL OUTLAY
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Interest on investments	\$ 7,340	\$ 6,500	\$ 840	\$ 5,921
Sale of vehicle	17,300	-	17,300	-
Operating transfers	<u>38,000</u>	<u>36,000</u>	<u>2,000</u>	<u>38,000</u>
Total Receipts	<u>\$ 62,640</u>	<u>\$ 42,500</u>	<u>\$ 20,140</u>	<u>\$ 43,921</u>
<u>Expenditures</u>				
Purchased professional services	\$ 53	\$ 54	\$ 1	\$ 26
Property	<u>26,208</u>	<u>30,908</u>	<u>4,700</u>	<u>35,750</u>
Total Expenditures	<u>\$ 26,261</u>	<u>\$ 30,962</u>	<u>\$ 4,701</u>	<u>\$ 35,776</u>
Receipts Over (Under) Expenditures	\$ 36,379			\$ 8,145
Unencumbered Cash, Beginning	<u>165,388</u>			<u>157,243</u>
Unencumbered Cash, Ending	<u>\$201,767</u>			<u>\$165,388</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-5

HSPN
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Member LEA receipts	\$127,500	\$105,000	\$ 22,500	\$ 78,300
Services provided LEA	25,275	18,000	7,275	20,452
Other receipts	46,821	33,000	13,821	-
Grants	68,718	73,000	(4,282)	72,728
Operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,798</u>
Total Receipts	<u>\$268,314</u>	<u>\$229,000</u>	<u>\$ 39,314</u>	<u>\$177,278</u>
<u>Expenditures</u>				
Salaries	\$122,703	\$151,335	\$ 28,632	\$144,148
Employees' benefits	36,238	44,322	8,084	42,084
Purchased professional services	500	500	-	500
Purchased property services	3,892	9,393	5,501	6,379
Other purchased services	3,759	20,787	17,028	14,689
Supplies and materials	5,744	7,450	1,706	7,154
Property	29	29	-	-
Other	-	33,000	33,000	25
Operating transfers	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total Expenditures	<u>\$200,865</u>	<u>\$294,816</u>	<u>\$ 93,951</u>	<u>\$242,979</u>
Receipts Over (Under) Expenditures	\$ 67,449			\$ (65,701)
Unencumbered Cash, Beginning	<u>-</u>			<u>65,701</u>
Unencumbered Cash, Ending	<u>\$ 67,449</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-6

COMMUNITY LEARNING CENTERS
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Member LEA receipts	\$859,384	\$1,061,500	\$ (202,116)	\$1,073,189
<u>Expenditures</u>				
Salaries	\$584,454	\$ 688,298	\$ 103,844	\$ 631,207
Employees' benefits	89,556	100,975	11,419	74,442
Purchased property services	52,349	57,836	5,487	57,615
Other purchased services	90,991	100,920	9,929	83,873
Supplies and materials	18,751	19,159	408	24,371
Property	29,478	29,485	7	5,097
Other	40,804	40,805	1	46,948
Revenue share	44,519	44,519	-	58,159
Total Expenditures	\$950,902	\$1,081,997	\$ 131,095	\$ 981,712
Receipts Over (Under) Expenditures	\$ (91,518)			\$ 91,477
Unencumbered Cash, Beginning	91,518			41
Unencumbered Cash, Ending	-			\$ 91,518

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-7

PARENTS AS TEACHERS
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
State aid	\$ 67,615	\$ -	\$ 67,615	\$ 64,615
Member LEA receipts	56,000	46,000	10,000	32,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,380</u>
Total Receipts	<u>\$123,615</u>	<u>\$ 46,000</u>	<u>\$ 77,615</u>	<u>\$106,995</u>
<u>Expenditures</u>				
Salaries	\$ 80,094	\$ 80,700	\$ 606	\$ 72,118
Employees' benefits	11,685	17,730	6,045	10,185
Other purchased services	12,906	10,150	(2,756)	11,219
Supplies and materials	4,309	6,189	1,880	2,331
Other	1,625	2,000	375	11,762
Operating transfers	<u>12,996</u>	<u>6,846</u>	<u>(6,150)</u>	<u>-</u>
Total Expenditures	<u>\$123,615</u>	<u>\$123,615</u>	<u>-</u>	<u>\$107,615</u>
Receipts Over (Under) Expenditures	-			\$ (620)
Unencumbered Cash, Beginning	<u>-</u>			<u>620</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-8

GRANT WRITING CENTER
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Services provided LEA	<u>\$137,555</u>	<u>\$162,000</u>	<u>\$ (24,445)</u>	<u>\$157,403</u>
<u>Expenditures</u>				
Salaries	\$103,648	\$104,231	\$ 583	\$105,646
Employees' benefits	13,996	14,544	548	13,561
Other purchased services	10,160	10,202	42	8,961
Supplies and materials	<u>88</u>	<u>300</u>	<u>212</u>	<u>227</u>
Total Expenditures	<u>\$127,892</u>	<u>\$129,277</u>	<u>\$ 1,385</u>	<u>\$128,395</u>
Receipts Over (Under) Expenditures	\$ 9,663			\$ 29,008
Unencumbered Cash, Beginning	<u>29,008</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ 38,671</u>			<u>\$ 29,008</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-9

CLC ADMINISTRATION
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Administrative services	\$ 87,500	\$ 85,000	\$ 2,500	\$ 86,076
Computer tech support	35,000	35,000	-	33,399
Services provided LEA	31,900	36,000	(4,100)	36,230
Grants	34,359	35,000	(641)	36,431
Federal aid	<u>518</u>	<u>-</u>	<u>518</u>	<u>-</u>
Total Receipts	<u>\$189,277</u>	<u>\$191,000</u>	<u>\$ (1,723)</u>	<u>\$192,136</u>
<u>Expenditures</u>				
Salaries	\$162,265	\$106,620	\$ (55,645)	\$ 98,703
Employees' benefits	14,144	16,168	2,024	14,556
Purchased professional services	500	500	-	500
Purchased property services	1,192	1,193	1	994
Other purchased services	13,851	15,936	2,085	12,750
Supplies and materials	5,375	5,550	175	5,816
Operating transfers	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>\$199,327</u>	<u>\$147,967</u>	<u>\$ (51,360)</u>	<u>\$135,319</u>
Receipts Over (Under) Expenditures	<u>\$ (10,050)</u>			<u>\$ 56,817</u>
Unencumbered Cash, Beginning	<u>138,666</u>			<u>81,849</u>
Unencumbered Cash, Ending	<u>\$128,616</u>			<u>\$138,666</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-10

UNIVERSITY SERVICE
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Grants – Federal aid	\$100,000	\$100,000	-	\$ 2,713
<u>Expenditures</u>				
Employees' benefits	-	-	-	\$ 5
Operating transfers	-	-	-	2,708
Total Expenditures	-	-	-	\$ 2,713
Receipts Over (Under) Expenditures	\$100,000			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	\$100,000			-

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-11

MIGRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Federal grant	\$1,488,856	\$1,338,856	\$150,000	\$1,626,944
<u>Expenditures</u>				
Salaries	\$ 860,350	\$ 903,200	\$ 42,850	\$1,009,869
Employees' benefits	148,354	156,950	8,596	158,227
Purchased professional services	17,266	20,600	3,334	20,613
Purchased property services	40,906	34,100	(6,806)	7,500
Other purchased services	149,918	146,705	(3,213)	156,667
Supplies and materials	29,974	10,262	(19,712)	19,500
Property	135,829	110,780	(25,049)	132,494
Operating transfers	<u>106,259</u>	<u>106,259</u>	<u>-</u>	<u>122,074</u>
Total Expenditures	\$1,488,856	\$1,488,856	<u>-</u>	\$1,626,944
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-12

HUMAN SEXUALITY GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ <u>4,200</u>	<u>-</u>	\$ <u>4,200</u>	\$ <u>3,500</u>
<u>Expenditures</u>				
Salaries	\$ 2,650	\$ 2,650	\$ -	\$ 3,550
Purchased professional services	-	-	-	1,500
Supplies and materials	<u>2,607</u>	<u>2,345</u>	<u>(262)</u>	<u>-</u>
Total Expenditures	\$ <u>5,257</u>	\$ <u>4,995</u>	\$ <u>(262)</u>	\$ <u>5,050</u>
Receipts Over (Under) Expenditures	\$ (1,057)			\$ (1,550)
Unencumbered Cash, Beginning	<u>2,358</u>			<u>3,908</u>
Unencumbered Cash, Ending	\$ <u>1,301</u>			\$ <u>2,358</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-13

TITLE III
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ 49,764	\$ 49,764	-	\$ 49,445
<u>Expenditures</u>				
Salaries	\$ 24,243	\$ 26,200	\$ 1,957	\$ 19,971
Purchased professional services	14,481	13,000	(1,481)	16,578
Supplies and materials	10,045	9,568	(477)	11,907
Operating transfers	<u>995</u>	<u>995</u>	<u>-</u>	<u>989</u>
Total Expenditures	\$ 49,764	\$ 49,763	\$ (1)	\$ 49,445
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-14

PERKINS GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$106,238	\$ 90,146	\$ 16,092	\$ 90,146
<u>Expenditures</u>				
Salaries	\$ 7,924	\$ 7,998	\$ 74	\$ 8,235
Purchased professional services	47,880	48,880	1,000	41,362
Supplies and materials	11,810	11,811	1	-
Property	33,558	33,558	-	36,042
Operating transfers	<u>4,066</u>	<u>3,991</u>	<u>(75)</u>	<u>4,507</u>
Total Expenditures	\$105,238	\$106,238	\$ 1,000	\$ 90,146
Receipts Over (Under) Expenditures	\$ 1,000			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>1,000</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-15

SCHOOL BUSINESS SERVICES
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Products	<u>\$288,730</u>	<u>\$324,000</u>	<u>\$ (35,270)</u>	<u>\$301,320</u>
<u>Expenditures</u>				
Supplies and materials	<u>\$147,396</u>	<u>\$178,035</u>	<u>\$ 30,639</u>	<u>\$201,620</u>
Operating transfers	<u>100,852</u>	<u>100,000</u>	<u> (852)</u>	<u>100,000</u>
Total Expenditures	<u>\$248,248</u>	<u>\$278,035</u>	<u>\$ 29,787</u>	<u>\$301,620</u>
Receipts Over (Under) Expenditures	<u>\$ 40,482</u>			<u>\$ (300)</u>
Unencumbered Cash, Beginning	<u>166,003</u>			<u>166,303</u>
Unencumbered Cash, Ending	<u>\$206,485</u>			<u>\$166,003</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-16

NEW FACILITIES
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Operating transfers	\$ <u>524,762</u>	<u>-</u>	\$ <u>524,762</u>	\$ <u>500,000</u>
<u>Expenditures</u>				
Purchased professional services	\$ 33,380	\$433,380	\$400,000	-
Property	-	125,000	125,000	-
Other	<u>-</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total Expenditures	\$ <u>33,380</u>	\$ <u>718,380</u>	\$ <u>685,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 491,382			\$ 500,000
Unencumbered Cash, Beginning	<u>1,424,860</u>			<u>924,860</u>
Unencumbered Cash, Ending	\$ <u>1,916,242</u>			\$ <u>1,424,860</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-17

MENTAL HEALTH GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ 4,500	\$ 4,479	\$ 21	-
<u>Expenditures</u>				
Purchased professional services	\$ 750	\$ 900	\$ 150	-
Other purchased services	329	825	496	-
Supplies and materials	100	1,530	1,430	-
Property	-	1,000	1,000	-
Other objects	-	224	224	-
Total Expenditures	\$ 1,179	\$ 4,479	\$ 3,300	-
Receipts Over (Under) Expenditures	\$ 3,321			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	\$ 3,321			-

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-18

MIGRANT PROJECT SUMMER SCHOOL
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ 19,533	-	\$ 19,533	-
<u>Expenditures</u>				
Salaries	\$ 13,026	\$ 13,917	\$ 891	-
Employees' benefits	1,607	1,500	(107)	-
Other purchased services	3,698	3,054	(644)	-
Supplies and materials	<u>1,202</u>	<u>1,062</u>	<u>(140)</u>	-
Total Expenditures	\$ 19,533	\$ 19,533	-	-
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	-			-

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-19

SAFE AND SUPPORTIVE SCHOOLS
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ <u>84,142</u>	<u>-</u>	\$ <u>84,142</u>	<u>-</u>
<u>Expenditures</u>				
Salaries	\$ 3,295	\$ 3,240	\$ (55)	-
Purchased professional services	43,225	80,558	37,333	-
Other purchased services	8,172	10,865	2,693	-
Supplies and materials	<u>912</u>	<u>1,500</u>	<u>588</u>	<u>-</u>
Total Expenditures	\$ <u>55,604</u>	\$ <u>96,163</u>	\$ <u>40,559</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 28,538			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>28,538</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2
(Continued)

SCHEDULES OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-20

DISCRETIONARY FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>6-30-14</u>	<u>6-30-13</u>
<u>Receipts</u>		
Operating transfers	\$ 17,349	\$ -
<u>Expenditures</u>		
Salaries	<u>4,250</u>	<u>5,899</u>
Receipts Over (Under) Expenditures	\$ 13,099	\$ (5,899)
Unencumbered Cash, Beginning	<u>1,901</u>	<u>7,800</u>
Unencumbered Cash, Ending	<u>\$ 15,000</u>	<u>\$ 1,901</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 2-21

TEACHER RECRUITMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014
(with comparative actual totals for the prior year ended June 30, 2013)

	<u>6-30-14</u>	<u>6-30-13</u>
<u>Receipts</u>	\$ -	-
<u>Expenditures</u>		
Operating transfers	<u>24,762</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ (24,762)	\$ -
Unencumbered Cash, Beginning	<u>24,762</u>	<u>24,762</u>
Unencumbered Cash, Ending	<u>-</u>	<u>\$ 24,762</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Southwest Plains Regional Service Center
Unified School District No. 626
Sublette, Kansas 67877

Report on Compliance for Each Major Federal Program

We have audited Southwest Plains Regional Service Center’s, Unified School District No. 626, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southwest Plains Regional Service Center’s, Unified School District No. 626, major federal programs for the fiscal year ended June 30, 2014. Southwest Plains Regional Service Center’s, Unified School District No. 626, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Southwest Plains Regional Service Center’s, Unified School District No. 626, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the *Kansas Municipal Audit and Accounting Guide*; auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Service Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
Southwest Plains Regional Service Center
Unified School District No. 626
Sublette, Kansas 67877

Page 2

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Southwest Plains Regional Service Center's, Unified School District No. 626, compliance.

Opinion on Each Major Federal Program

In our opinion, Southwest Plains Regional Service Center, Unified School District No. 626, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Southwest Plains Regional Service Center, Unified School District No. 626, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Service Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Plains Regional Service Center's, Unified School District No. 626, internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Southwest Plains Regional Service Center
Unified School District No. 626
Sublette, Kansas 67877

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hay•Rice & Associates, Chartered

October 30, 2014

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
U. S. Department of Education – Pass Through Kansas Department of Education:		
** Title I-Migrant	84.011	\$1,508,389.00
** Title VI-Part B IDEA	84.027	500,480.00
Program Improvement	84.048	110,947.65
Safe and Supportive Schools Continuum	84.184	88,735.77
English Language Acquisition	84.365	49,764.00
Title II-Improving Teacher Quality	84.367	100,907.02
Title VI-State Assessments	84.369	517.71
U.S. Department of Health and Human Services – Pass Through Kansas Department of Education:		
Aids Education	93.938	<u>4,200.00</u>
Total Federal Awards Expended		<u>\$2,363,941.15</u>

** Major Programs.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

NOTE TO SCHEDULE 3
June 30, 2014

Expenditures are prepared on a cash disbursement basis adjusted for beginning and ending payables and encumbrances.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER
UNIFIED SCHOOL DISTRICT NO. 626
Sublette, Kansas

Schedule 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the regulatory basis financial statements of Southwest Plains Regional Service Center, Unified School District No. 626.

No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

2. No instances of noncompliance material to the financial statements of Southwest Plains Regional Service Center, Unified School District No. 626, were disclosed during the audit.
3. No significant deficiencies relating to the audit of the major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
4. The auditor's report on compliance for the major federal award programs for Southwest Plains Regional Service Center, Unified School District No. 626, expresses an unmodified opinion.
5. There were no audit findings relating to major programs that were required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule.
6. The programs tested as major programs were:

Title I Migrant Grant CFDA #84.011.

Title VI Part B IDEA #84.027.

7. The threshold for determining type A and B programs was:

Type A – the larger of \$300,000 or 3% of total federal awards expended

Type B – any programs that do not meet type A criteria specified above

8. Southwest Plains Regional Service Center, Unified School District No. 626, was not determined to be a low-risk auditee.